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DIRECTORATE OF INTELLIGENCE	
2 May 1986	
The Philippines: Factionalism Slowing the New Government	25X1
SUMMARY	
Although President Aquino embarked on her "honeymoon" two months ago determined to alter the country's political and economic course, in our view her initial efforts have been stalled by infighting in her government that threatens to squander Aquino's reservoir of popular support—her only source of legitimacy in the absence of established political institutions. The key challenge for Aquino in the months ahead will be to manage infighting in the coalition so that it does not prevent her from consolidating her political powerbase. Essential to her immediate political survival will be devising a legal basis for her government before the end of	
Over the longer term, the establishment of a nationwide political machine and a constitutional basis for her government are critical to the progress of her ambitious program of reform. Failure to surmount any of these hurdles could produce a serious challenge to her rule and aggravate the social tensions which for years have threatened political and economic stability.	25X1 25X1
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This memorandum was prepared by Southeast Asia Division, Office of East Asian Analysis with a contribution from Office of Central Reference. Comments and questions are welcome and should be addressed to Chief, Southeast Asia Division, Office East Asian Analysis	25X1 25X1
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The Fractious Coalition's First Steps

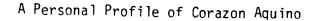
The Traction's Tirst Steps	
The euphoria that surrounded President Aquino's first davs in office is fading as she grapples with the realities of dismantling Marcos's political machine and its institutional apparatus and working to ease the country's pressing problems. Persistent efforts by members of Marcos's former administration to resist her attempts to diminish their influence are partly to blame. But many of Aquino's actions, including the abolition of the National Assembly, the replacement of local officials with her supporters, and efforts to negotiate a ceasefire with the Communist insurgents at the military's expense, have also proven controversial among members of her own support base. The resulting public and private squabbles in the coalition have hindered the government's progress on even basic issues such as new mechanics for governing, in our view. Indeed, the Embassy reports that Aquino's domestic credibility as a strong leader has suffered because of her apparent hesitancy and inability to rein in renegade Ministers, such as Local Government Minister Aquilino Pimentel. Only recently,	25X1 25X1 25X1
The groups within Aquino's coalition that appear to exercise the most influence on policy matters are members of her political party, PDP-LABAN, and include Cojuangco, Pimentel, and Agricultural Minister Ramon Mitra; a group of advisers called the "Jesuit Mafia" who share Aquino's social and religious valuesincluding Father Joaquin Bernas, Jaime Ongpin, Trade and Industry Minister Jose Concepcion, and close associate Cecilia Munoz Palma; and idealistic leftists, such as Joker Arroyo and Presidential Spokesman Rene Saguisag (see figure). Aquino apparently solicits views from members of these groups before acting on tough decisions. The advisers, however, often take opposing positions, such as on the status of the National Assembly. For example, the US Embassy reports that Aquino's brother Cojuangco, who along with Pimentel has held sway with her on the issue of replacing local officials, was pressing her to work with the Assembly. Instead, according to the Embassy, Aquino went with the advice of leftists in her governmentand apparently her own political instinctsand disbanded the body.	25X1
Because of the strength of Aquino's popular mandate and the revolutionary nature of her government, cabinet members have discovered that close personal ties to Aquino are essential to broad personal power within line ministries.	
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The maneuverings of Vice President Salvador Laurel and Defense Minister Enrile--cabinet members but outsiders in most policy deliberations--have not helped matters. Both had presidential ambitions long before Aquino ascended to power and are fighting to create powerbases outside the government in an attempt to force the President to share power in political and military decisions. Aquino's decision to dissolve the National Assembly--where both had cultivated alliances with considerable numbers of Assemblymen--has removed

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their greatest source of independent political power and thus has lessened their leverage in the new government. Nonetheless, Laurel and Enrile continue to publicly criticize Aquino on issues such as replacing local officials and counterinsurgency strategy. They undoubtedly hope to distance themselves from potentially damaging government policies and to be in a position to capitalize on public dissatisfaction with Aquino's party when local and national elections are held—perhaps as early as November.*

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In ousting Marcos, Corazon Aquino demonstrated a political savvy and a capacity to learn practical lessons quickly.

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Aquino apparently is having difficulty making the transition to public office. Aquino, in our judgment, has so far restricted her policy interests to dismantling Marcos's political and institutional apparatus and has yet to develop a comprehensive strategy to attack the country's pressing problems.

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The Issues: Squandering the Mandate?

Struggles in the cabinet to gain influence with Aquino have also prevented the government from moving ahead with its reformist agenda.

*Although Political Affairs Minister Antonio Cuencoa
personal associate of Aquinorecently told US officials that
Aquino had agreed to hold local and national elections in
November,
elections could be postponed until as late as June 1987.

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Aquino's principal leftist adviser, Joker Arroyo, also appears to be more sensitive to the potential backlash against Aquino if the perception that she is controlled by radicals continues to flourish. According to the US Embassy, Arroyo is planning to approach Aquino with the suggestion that she assure Enrile that she will not go after wealth acquired by him under Marcos or pursue investigations of human rights abuses possibly committed by senior and reformist military officers. Arroyo also plans to urge Aquino to reconcile her differences with Laurel in an effort to strengthen the coalition.

A Breakdown of the Coalition: Prospective Scenarios

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If Aquino's efforts at damage control and dampening factionalism in the coalition fail to halt growing disillusionment with her government, we believe she will be most vulnerable to challenges to her rule in the period before she is able to craft a constitution that seals her legitimacy.* The fluidity of the current political environment makes it difficult to predict what issues could irrevocably split the coalition and severely cripple Aquino's administration, but we can point to several potentially destabilizing issues that are already causing the new government difficulty and we foresee several scenarios for breakdown over the next six months:

Labor unrest in Manila. In our judgment, labor problems may become the most urgent economic issue for the new government. Strike activity increased 30 percent last year and was the highest since the imposition of martial law in 1972 as unions attempted to restore the dramatic losses in real income suffered over the last two years. Real compensation in manufacturing, for example, has declined by 25 percent since 1983.

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Additional labor militancy is probable, according to US Embassy officials, because unions have become more radicalized. The KMU--a Communist-influenced labor organization--may have been involved in nearly half of last year's strikes.

strikes have become more violent because of the KMU's bolder and more aggressive participation.

for example, the KMU distributed propaganda material and joined the picket lines during the recent strike at Clark Air Field and Subic Naval Base--a development that could account for the confrontational and occasionally violent tactics adopted by the strikers.

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For their part, unions leaders probably believe that strike activity will be more successful under the Aquino government. Many labor organizations—total union membership is about 5 million—supported Aquino during the election campaign and provided volunteers to poll monitoring groups on election day—a political debt that we believe the government cannot ignore when developing labor policy. Union leaders probably also believe that their interests will be well-served by the left-leaning Labor Minister Sanchez—a lawyer formerly involved in trying to organize unions against multinationals

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^{*}The Commission appointed by Aquino to write the new constitution will begin drafting 25 May and plans to finish it by 11 September, after which the constitution will be submitted to a national plebiscite.

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operating in the Philippines	25 X 1
operating in the Philippines.	23/1
Resulting Pressure on the Coalition. Recent developments in the labor sector increase the prospects for destabilizing confrontations between Aquino's left-leaning political confidents and conservative military and financial advisers. If the number of disruptive strikes increases substantially, Aquino undoubtedly would face pressure to crack down from key constituencies, including the military and business community.	25X1
Labor militancy could also become a major inhibitor to foreign investment, which the government is counting on to reverse the economy. The KMU recently said that it will increase the number of strikes against multinationals, particularly US firms. Jabor problems have already led several firms to abandon plans for new	25X1
investments.	25X1
Because of Aquino's public commitment to forge a different course than Marcos, however, we believe she would resist pressure to take action that might turn violent or, in her mind, violate workers' rights. For that reason, she would probably follow the policy recommendations of her left-leaning ministers, who served as legal counsel for labor activists arrested under martial law. A policy of accommodation, however, probably would fail to bring labor unrest under control—a development that would continue to jeopardize the country's internal stability and its economic recovery. Under these circumstances, we believe moderates in the coalition would be tempted to desert Aquino. Reformist officers headed by Defense Minister Enrile might then seek to ally themselves with these disaffected cabinet members and intervene in an attempt to restore public order.	
Substantial Communist insurgent military and political victories. According to the US Embassy, the Communist Party is aware of the potential advantages to be gained by an irrevocable split in Aquino's coalition and recent party strategy is designed to aggravate existing cracks in the coalition. An untested source of the US Embassy, savs that the party is reassessing its longterm strategy for taking power, and views its participation in ceasefire negotiations with the new government as a tactic to buy time until it can implement a new game plan against Aquino.) 25X1
pursuing a ceasefire may be working. Recent statements by the party's political front organization that it is willing to discuss the government's ceasefire proposals have provided leftist cabinet members who are advocating a ceasefire with ammunition against right-wing military advisers who insist on a military approach to counterinsurgency. The US Embassy reports that Aquino's leftist advisers are convinced that party willingness to participate in negotiations is a first step toward eroding its mass base and bringing guerrillas down from the hills. More importantly, perhaps, the party's strategy appears to be working with Aquino. She apparently continues to believe that most guerrillas joined the insurgency out of frustration with the Marcos administration and thus will soon surrender and work with the new	1
government.	25 X 1
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In the meantime, the party has stepped up its military operations in the countryside and, according to a source of the US Embassy, may even be planning several spectacular operations in an effort to destabilize the new government. According to the US Embassy source, party leaders believe that military morale is low in the provinces because of the leadership shakeup under General Ramos and the party is trying to take advantage of disorganization stemming from military reform. In addition, party leaders have been attempting to neutralize the recent improvement of the military's image after its participation in the ousting of Marcos by criticizing Enrile and Ramos's participation in the new government. The source also says that the party is considering trying to seize an island—such as Mindanao where the armed struggle is most advanced—in an effort to bring down the new government.

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Resulting Pressure on the Coalition. If the Communists pursue a series of escalating military incidents while continuing to negotiate a ceasefire with the government, Aquino would undoubtedly face strong pressure from Enrile and Ramos to cease negotiations and respond with a military crackdown. Aquino's tendency, however, to view the insurgents as Filipinos dissaffected with the corruption and abuse of Marcos's military would probably make her reluctant to approve a decisive military response until all efforts to negotiate a ceasefire are exhausted. Strains between leftists and military advisers under these conditions would paralyze the coalition, and it would be vulnerable to a destabilizing split if insurgent hostilites took a dramatic upturn.

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Although the insurgents probably are not in a position to challenge government control of an entire island such as Mindanao, we believe they could launch a nationwide coordinated military strike that would force the Armed Forces to temporarily abandon large areas, including several provincial cities. Such a provocative military operation probably would fail if the military marshalled its forces against the insurgents, but would deal a critical blow to the government over the short term. Although Aquino probably would be resigned to a government military response at this point, widespread military distrust of her ability to lead the fight against the insurgents—resulting from her earlier inaction—could easily prompt military leaders to seize the reins of power. In this situation, moderate coalition members—fearing an imminent Communist takeover—might abandon Aquino in favor of the military.

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The hidden wealth of Marcos associates. Aquino's preoccupation with holding stalwarts of the Marcos regime accountable for past crimes has provided her supporters who are bent on retribution with a blank check to uncover ill-gotten wealth and human rights abuses. Although government investigators are proceeding with some caution in the area of military abuses, the Commission on Good Government headed by Jovito Salonga is vigorously pursuing the issue of hidden wealth. According to the US Embassy, Salonga has sequestered the assets of all known Marcos cronies. In addition, Aquino has asked cabinet members to release financial statements and verify their holdings to the committee. Aquino's personal involvement in the issue undoubtedly has worried several coalition members—including Finance Minister Ongpin who was president of a company in which Imelda Marcos's brother owned the controlling interest.

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Defense Minister Enrile is worried that Aquino will use evidence of	
wealth he acquired under Marcos to ease him out of the government and he is	
threatening to use his influence in the reform movement against her if she	
allows further investigations of his role in Marcos's regime.	25X ²
, including members of the	25X
reform movement, are also worried that investigations into human rights	20/(
violations will turn into a witch hunt and a subsequent purge of the Armed	
Forces. Indeed.	25 X ′
concerned that leftist advisers in the cabinet, who in the past defended	
are leading the campaign to expose crimes committed	25X1
by the military. officers at all levels	25X1
including many who believe that their past actions against civilians were	20/1
justifiable in view of an active Communist insurgencyare concerned that they	
will be victims of overzealous investigations of the military under Marcos.	
with be viound of overzearous investigations of the mitted y under hareos.	25X1
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Resulting Pressure on the Coalition. If Aquino fails to rein in advisers	
who are intent on uncovering all the sins of the Marcos era, it could shatter	
her fragile coalition. Her alliance with the military is already on shaky	
ground, and a ruthless investigation of human rights abuses probably would	
goad senior military leaders to withdraw their support for her government. In	
addition, Ongpin's former business relationship with the Marcos'sand his	
brother's cabinet rank under Marcosunderscores the extent to which her own	
government has been linked with the previous regime. An overzealous approach	
to the graft and corruption issue untempered by current political realities	
could cost Aquino considerable credibility with her moderate advisers in our	
view—and even prompt an alliance with disaffected members of the military.	
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APPENDIX A

The Philippines: Ideological Profile of the New Government

Aquino's most controversial moves have been strongly influenced by key members of her disparate cabinet and inner circle. She has placed widely respected moderates such as Finance Minister Jaime Ongpin in some cabinet positions, but has also rewarded leftist supporters with prominent cabinet appointments, including her Executive Secretary Joker Arroyo and Labor Minister Augusto Sanchez. To a lesser extent she has also used cabinet appointments to reward political rivals, including members of Vice President Laurel's UNIDO Party and Defense Minister Juan Ponce Enrile.

	LEFTISTS	
Name and Position	<u>Affiliation</u>	Influence With Aguino
Joker Arroyo Executive Secretary	Radical human rights lawyerdefended Communist detaineeshas publicly criticized presence of US bases.	Key adviseracts as chief of staff controls access to AquinoAquino's personal attorney.
Renito Saguisag Presidential Spokesman	Long-standing ties to Communists and other leftistsfounder of lawyers group that defends Communist sympathiserstold US that he is uncomfortable being the mouthpiece of moderate, anti-Communist policiescritical of US bases.	Member of inner circlekey palace strategistvery close to Arroyo.
Augusto Sanchez Labor Minister	Longstanding ties to Communist frontgroups supports leading Communist-influenced labor federationstrongly critical of US bases and multinationals in the Philippines reportedly has resisted CPP recruitment efforts.	Not personally close to Aquino owes current position to Arroyo and Saguisag.
Jose Diokno Chairman of Human Rights Commission	Strident nationalist and leftist human rights lawyerleading critic of US basesfounder of several leftist groups, such as BAYANhas consistently resisted being manipulated by the CPP.	Probably limited.
Lorenzo Tanada Member, Human Rights Commission	Patriarch of anti-American and anti-US bases movementallied to many leftist groups chairman of CPP-influenced BAYANprobably not a Communist, but willing to serve as figurehead for CPP frontgroups.	Close adviser to Aquino during recent election campaignAquino, however, has distanced herself from him because of his radical views.
Jovito Salonqa Chairman, Good Government Commission	Critical of US policy toward the Philippines has publicly opposed US basesleft-leaning lawyerno known ties to the CPP.	Personally close to Aquinowas her hushand's legal counsellimited influence over key policy decisions.
Mamita Pardo de Tavera Social Services and Development Minister	Activist physicianties to leftist social action groupsformer member of feminist CPP front groupresigned in protest over group's election boycott policy.	Unk nown.
	MODERATES	
Name and Position	<u>Affiliation</u>	Influence with Aquino
Jaime Ongpin Finance Minister	Wealthy businessmanoutspoken political activist during Marcos's rulefree market-oriented economistformer president Benquet Corporation close ties to the Catholic ChurchHarvard educated.	Aquino's key adviser on economic policyearly supporter and close personal associate of Aquino.

One of Aquino's key advisers...close confidante despite disagreement over decision to abolish National Assembly.

Former Supreme Court Justice...former member National Assembly...highly respected women's rights activist...US-educated lawyer.

Cecilia Munoz-Palma Presidential Adviser

Declassified in Part - Sanitized Copy Approved for Release 2011/12/22 : CIA-RDP86T01017R000605960001-4 Secretary-General PDP-LABAN...former Congressman... Jose Cojuangco Presidential Immense influence...Aquino's brother and closest personal adviser. Adviser President Ateneo de Manila...Jesuit legal expert... US educated...influential newspaper columnist... close to Jaime Ongpin. Fr. Joaquin Bernas Presidential Strong influence with Aquino... urged Aquino to declare provisional Adviser government. Teodoro Locsin Harvard-educated lawyer...Aquino's speech-writer...former student activist...friendly toward U.S...family publishes Manile's respected financial paper, Business Day. Strong influence with Aquino... unrestricted access to the President... quit his job to join Aquino's campaign. Minister Jaime Cardinal Sin Presidential Adviser Controversial and outspoken archbishop of Manila ...called for public support for the rebellion. Moderate influence with Aquino. Former National Assembly floor leader for PDP-LABAN...failed under martial law... occasionally critical of US, but does not oppose bases. Ramon Mitra Agriculture Minister Moderate influence...limited by ties to former Marcos crony Eduardo Cojuangco...strongly supported Aquino during campaign. Neptali Gonzales Justice Minister Former law professor and member of National Assembly...taking the lead in working out mechanics of new government. Considerable influence with Aquino.. managed her campaign in Manila. Aquilino Pimentel Chairman PDP-LABAN...strong grassroots image... somewhat tarnished by corruption charges against him during Marcos regime Moderate influence with Aquino... entrusted by Aquino to build her political machine in the countryside. Local Government Minister Antonio Cuenco Political Affairs Minister Former National Assembly member...strong antipathy toward Vice President Laurel... close association with Pimentel... savvy and opportunistic lawyer. Moderate influence on Aquino.. close friend of Benigno Aquino Jose Concepcion
Trade and Industry
Minister Wealthy businessman and longtime anti-Marcos activist...head of NAMFREL...close ties to Catholic Moderate influence. Heherson Alvarez Agrarian Reform Minister Leader in US-based anti-Marcos movement... former student activist...reputation as good public relations man...appointed to be Ambassador-at-Large for special issues. Moderate influence with Aquino... Beniqno Aquino's aide during Aquino's exile in Boston. Jose Antonio Gonzales Tourism Minister Wealthy businessman...became politically active after Aquino assassination...US educated. Moderate influence...close family friend ...key fundraiser during campaign...may act as troubleshooter for the President. **Victor Ziga**General Services
Administrator Activist lawyer...former member National Assembly... may owe his position to Laurel. No influence with Aguino. Alberto Romulo US-educated lawyer and civic leader...former National Assembly member, where he was affiliated with UNIDO...friendly toward US. Budget Minister Influence unknown. Lourdes Ouisumbang Education Minister Leading Roman Catholic educator...highly regarded by colleagues for her high standards of integrity. lafluence unknown. Alfredo Bengzon Health Minister Medical doctor...former vice president of Manila hospital. Influence unknown.

No influence with Aquino.

Former Muslim querrilla leader... former National Assembly member... probably affiliated with Laurel.

Candu Muarip Muslim Affairs Minister

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Solita Monsod Economic Planning Minister

Hernando Perez Transportation and Communications Former economics professor...controversial figure since entering cabinet because of support for selective debt repudiation... husband is secretary general of poll-monitoring group, NAMFREL.

Activist human rights lawyer...former member National Assembly...close ties to Laurel.

Influence unknown...may have access through other presidential advisers such as Jose Concepcion, who is a close friend of her husband's.

No influence with Aquino.

RIGHTISTS

Name and Position

Juan Ponce Enrile Defense Minister

Fidel Ramos Armed Forces Chief of Staff

Salvador Laurel Vice President Foreign Minister

Luis Villafuerte Government Reorganization Commissioner

Ernesto Macedo Natural Resources Minister

Rogaciano Mercado Public Works Minister

Affiliation

Defense Minister under Marcos...led rebellion to depose him...architect of martial law...member of National Assembly...Harvard-educated lawyer.

Served as Acting Chief of Staff under Marcos... led rebellion with Enrile...respected as professional and competent officer...West Point graduate.

Old-style politician...took second slot on ticket in interest of opposition unity during campaign... head of UNIDO...former Senator in pre-martial law Congress...Yale-educated lawyer.

Former Marcos cabinet member...defected to anti-Marcos opposition in 1984...former member of National Assembly...old-style politician with close ties to Laurel.

Former Marcos cabinet minister...broke with Marcos and went into exile in US...close ties to Laurel...

Ultranationalist lawyer...member National Assembly...close ties to Laurel.

<u>Influence With Aquino</u>

Very limited influence with Aquino on military matters...she strongly distrusts him.

Strong influence with Aquino on military matters.

Negligible influence with Aquino.

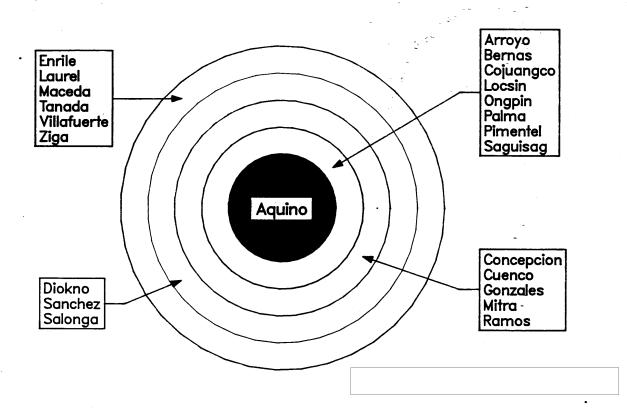
No influence with Aquino

No influence with Aquino.

No influence with Aquino.

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Philippines: Degrees of Influence in the New Government



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Typescript: Factionalism Slowing the New Government
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William J. Newcomb INR/EC Communist Asia Room 8662 Dept. State

William D. Howells Dir. Ofc. of Political-Military Analysis Bur. of Intelligence & Research Rm. 6638 (INR/PMA) Dept. State

Robert DuBose CH/INR/GIS Rm. 2844 Dept. State

Army:

Lt. Gen. William Odom Assist. Chief of Staff, Intelligence C786 (A-1) Dept. of the Army

Navy:

R. Admiral John L. Butts Dir. of Naval Intelligence Dept. of the Navy

Navy Annex:

Brig. Gen. L. W. Smith, USMC Dir. of Intelligence (A-1) D150 Room 2117, Navv Annex Dept. of the Navv

State:

Robert Dean Dep. Dir., Pol-Mil Affairs Rm. 7327 Dept. State

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Offi	ce of the Vice President: 1Donald Gregg	
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